

Message Text

CONFIDENTIAL

PAGE 01 COPENH 00645 070114Z

72 (20)
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-01 CEA-01 AGR-05

/090 W

----- 059300

R 051629Z MAR 75
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC 542
INFO AMEMBASSY BONN
USMISSION EC BRUSSELS
AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM
AMEMBASSY PARIS

C O N F I D E N T I A L COPENHAGEN 0645

C O R R E C T E D C O P Y (FOR SUBJECT LINE)

E.O. 11652 GDS
TAGS: ELAB, EGEN, PINT,DA
SUBJECT: BREAKDOWN OF LABOR NEGOTIATIONS: GOVERNMENT TO
INTERVENE

REF: COPENHAGEN 0512

SUMMARY: PRIME MINISTER JORGENSEN ANNOUNCED MARCH 4
THAT THE GOVT WOULD INTERVENE TO IMPOSE AN "COMES POLICY
SOLUTION TO BREAK THE DEADLOCK IN NATIONAL WAGE NEGOTIATIONS.
THE GOVT IS EXPECTED TO INTRODUCE SHORTLY DRAFT LEGISLATION
CLOSELY APPROXIMATING THE NATIONAL MEDIATORSS' LAST PROPOSAL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 COPENH 00645 070114Z

WHICH MUST BE ADOPTED BY PARLIAMENT BEFORE MARCH 22 IN

ORDER TO PREVENT NATIONWIDE STRIKE. END SUMMARY

1. NEGOTIATIONS BETWEEN THE PRIVATE MARKET ORGANIZATIONS THE TRADE UNION FEDERATION (LO) AND DANISH EMPLOYEES CONFEDERATION (DEC) BROKE DOWN MARCH 4 WHEN BOTH SIDES REJECTED THE FORMAL PROPOSAL DRAWN UP BY THE NATIONAL MEDIATOR (SIGURD WECHSELMANN) THE EMPLOYERS WERE UNABLE TO ACCEPT THE PROPOSAL BECAUSE IT DID NOT AFFECT THE AUTOMATIC COST-OF-LIVING WAGE-INDEXING SYSTEM. WHICH THE EMPLOYERS CONSIDER THE LARGEST CAUSE OF INFLATIONARY PRESSURE. AND THE ELIMINATION OR MODIFICATION OF WHICH THEY HAVE MADE THEIR PRIME OBJECTIVE IN THIS ROUND OF NEGOTIATIONS. THE LABOR UNIONS REJECTED THE PROPOSAL BECAUSE THE INCREASE IN MINIMUM WAGE LEVELS WAS INSUFFICIENT IN THEIR VIEW.

2. WECHSELMANN'S PROPOSAL ACTUALLY GIVE THE ORDINARY DANISH WORKER NO WAGE INCREASE OVER THE NEXT TWO YEARS OTHER THAN THEY ASSOCIATED WITH THE AUTOMATIC COST OF LIVING SYSTEM. LOW-PAID WORKERS, HOWEVER AND OTHER MARGINAL GROUPS SUCH AS SHIFT WORKERS WOULD RECEIVE SOME SMALL INCREASES TOTALLY ONLY 347 MILLION DANISH KRONER(\$60, MILLION) A 1.9 PERCENT INCREASE IN THE TOTAL AGE BILL. THE PRESERVATION OF THE AUTOMATIC COST OF LIVING WAGE-INDEXING SYSTEM ON THE OTHER HAND IS AN ECONOMICALLY SIGNIFICANT ITEM. IF CURRENT PROJECTIONS PROVE VALID THAT SYSTEM ALONE IS EXPECTED TO INCREASE WAGE COSTS TO EMPLOYERS BY 12-14 PERCENT IN 1975.

3. THE MUTUAL REJECTION OF THE MEDIATION PROPOSAL BY THE PRIVATE LABOR MARKET ORGANIZATIONS IS PARADOXICALLY A FAVORABLE SIGN THAT A SOLUTION TO THE CURRENTLY DEADLOCKED SITUATION CAN BE FOUND WITHOUT A LONG DEBILITATING STRIKE. THIS ARISES FROM THE FACT THAT WECHSELMANN WAS SUCCESSFUL IN BRINGING THE TWO SIDES CLOSE ENOUGH TOGETHER TO PERMIT HIM TO DRAW UP A FORMAL MEDIATION PROPOSAL. (THE THE PARTIES HAD IN FACT DETERMINED TO RESORT TO THE STRIKE OR LOCKOUT ROUTE, THEY WOULD HAVE BROKEN OFF NEGOTIATIONS BEFORE GIVING WECHSELMANN THIS OPPORTUNITY))

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 COPENH 00645 070114Z

4. MOREOVER IT IS KNOWN THAT PRIME MINISTER ANKER JORGENSEN CALLED IN REPRESENTATIVES OF BOTH SIDES LAST WEEK TO INFORM THEM THAT THE GOVERNMENT WOULD NOT PERMIT A LARGE NATIONWIDE WORK STOPPAGE DURING THIS CRITICAL PERIOD OF LARGE SCALE UNEMPLOYMENT. HE LEFT NO DOUBT THAT THE GOVERNMENT WOULD STEP IN TO LEGISLATE A SOLUTION IF NECESSARY AND DEMANDED THAT THEY CONTINUE NEGOTIATIONS TO THE POINT AT

WHICH A MEDIATION PROPOSAL COULD BE PUT FORWARD AS THE BASIS FOR SUCH GOVERNMENTAL INTERVENTION. SINCE BOTH SIDES FOLLOWED JORGENSEN'S INJUNCTION IT IS ASSUMED THAT THEY ARE NOW PREPARED TO ACCEPT SUCH GOVERNMENT ACTION. INTERVENTION BY THE GOVERNMENT TAKES MUCH OF THE HEAT OFF THE ORGANIZATIONS BY ENABLING THEM TO POINT OUT TO THEIR AFFILIATED ORGANIZATIONS THAT THE SETTLEMENT WAS "FORCED UPON THEM.

5. THE PROBLEM NOW WILL BE TO GET MAJORITY BACKING IN PARLIAMENT. THE GOVERNMENT INTENDS TO WORK PRIMARILY WITH THE RADICAL AND LIBERAL PARTIES IN THIS EFFORT. LIBERAL PARTY SPOKESMEN HAVE ALREADY DECLARED THAT THEY WILL SUPPORT THE GOVERNMENT'S BILL ONLY IF THEIR BUDGET SAVINGS

PROPOSALS ARE FULLY ACCEPTED BY THE GOVT. ALTHOUGH SOME DIFFICULT NEGOTIATIONS MIGHT THEREFORE LIE AHEAD IT IS EXPECTED THAT A PARLIAMENTARY MAJORITY WILL BE FOUND IN THE FINAL ANALYSIS FOR GOVERNMENT ACTION, THUS AVOIDING A NATIONWIDE STRIKE.
CROWE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR OBJECTIVES, NEGOTIATIONS, LABOR STRIKES, COST OF LIVING WAGE ADJUSTMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975COPENH00645
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750079-0589
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750381/aaaacvhl.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 COPENHAGEN 0512
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by ShawDG>; APPROVED <17 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BREAKDOWN OF LABOR NEGOTIATIONS: GOVERNMENT TO INTERVENE
TAGS: ELAB, EGEN, PINT, DA, (JORGENSEN, ANKER)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006